



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 13, 2000

H.R. 3244 **Trafficking Victims Protection Act of 2000**

*As ordered reported by the House Committee on the Judiciary
on April 4, 2000*

SUMMARY

H.R. 3244 is aimed at combating trafficking of persons, especially into the sex trade, slavery, and slavery-like conditions. The bill would establish an interagency task force within the State Department to monitor and report such trafficking, prohibit certain forms of assistance to countries that fail to combat trafficking, criminalize certain activities related to trafficking, allow victims of trafficking to enter and remain in the United States, and authorize various programs to assist victims. The bill defines trafficking as the purchase, sale, recruitment, harboring, transportation, transfer, or receipt of a person for the purpose of a commercial sex act or forced labor. CBO estimates that appropriation of the authorized amounts would result in additional discretionary spending of \$89 million over the 2000-2005 period. Enactment of the legislation would affect direct spending and revenues; thus, pay-as-you-go procedures would apply. We estimate that direct spending would increase by less than \$500,000 in 2000 and by \$20 million over the 2000-2005 period, and that revenues would increase by less than \$500,000 annually.

H.R. 3244 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA); however, CBO estimates that the cost of the mandate would not be significant. Increased spending for Medicaid and Temporary Assistance for Needy Families (TANF) would not be intergovernmental mandates because states have flexibility within those programs to alter their financial or programmatic responsibilities to accommodate the change. Other provisions of the bill would provide grant assistance to state, local, and tribal governments for programs benefitting victims of trafficking crimes.

The bill would impose mandates on entities that engage in certain transactions with foreign persons identified as human traffickers. CBO estimates that the costs of those mandates would fall well below the threshold for private-sector mandates established in UMRA (\$109 million in 2000, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3244 is shown in the following table. The costs of this legislation fall within budget functions 150 (international affairs), 500 (education, employment, training, and social services), 550 (health), 600 (income security), and 750 (administration of justice).

Spending Subject to Appropriation

For purposes of this estimate, CBO assumes that H.R. 3244 will be enacted and the initial appropriations will be provided by July 1, 2000. The bill would authorize appropriations of \$95 million over the 2000-2001 period. Assuming appropriation of the amounts authorized for each year and based on historical spending patterns for similar programs, CBO estimates that the bill would result in discretionary outlays totaling \$89 million over the 2000-2005 period.

Overseas Assistance. The bill would authorize appropriations for the President, through the Agency for International Development (AID) and other agencies, to establish and administer programs to increase public awareness of trafficking and to offer microcredit lending, skills training, business development and other initiatives for potential victims of trafficking. It would also require the State Department and AID to initiate programs for the safe integration and resettlement of victims and to assist foreign countries in eliminating trafficking. CBO estimates these provisions would increase spending by \$41 million over the 2000-2005 period.

Domestic Assistance. Section 13 would authorize appropriations for the Attorney General, the Secretary of Labor, and the Department of Health and Human Services (HHS) to expand existing services to provide assistance for victims of trafficking. CBO estimates that outlays would increase by \$43 million over the 2000-2005 period. In addition to increases in discretionary spending, CBO expects that HHS would expand services in mandatory programs to provide assistance to victims of trafficking.

Interagency Task Force. Section 13 would authorize appropriations for an interagency task force within the State Department to monitor, combat, and report on trafficking. CBO estimates this section would increase spending by \$5 million over the 2000-2005 period.

Law Enforcement. Section 12 would make certain activities related to trafficking federal crimes and would increase penalties for existing offenses relating to trafficking. As a result, the federal government could pursue cases that it otherwise would not be able to prosecute.

CBO expects that any increase in federal costs for law enforcement, court proceedings, or prison operations would not be significant, however, because of the relatively small number of cases likely to be involved. Any such additional costs would be subject to the availability of appropriated funds.

By Fiscal Year, in Millions of Dollars						
	2000	2001	2002	2003	2004	2005
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Overseas Assistance						
Authorization Level	15	30	0	0	0	0
Estimated Outlays	1	13	17	6	3	a
Domestic Assistance						
Authorization Level	15	30	0	0	0	0
Estimated Outlays	1	21	12	6	2	1
Interagency Task Force						
Authorization Level	2	3	0	0	0	0
Estimated Outlays	a	3	1	a	a	0
Law Enforcement						
Estimated Authorization Level	a	a	a	a	a	a
Estimated Outlays	a	a	a	a	a	a
Total						
Estimated Authorization Level	32	63	a	a	a	a
Estimated Outlays	3	37	30	13	5	1
CHANGES IN DIRECT SPENDING AND REVENUES						
Medicaid						
Estimated Budget Authority	a	1	1	2	3	4
Estimated Outlays	a	1	1	2	3	4
TANF						
Estimated Budget Authority	0	0	0	0	0	0
Estimated Outlays	a	a	1	2	2	3
Other						
Estimated Budget Authority	a	a	a	a	a	a
Estimated Outlays	a	a	a	a	a	a
Total						
Estimated Budget Authority	a	1	2	2	3	4
Estimated Outlays	a	1	2	4	5	7
Estimated Penalties (Revenues)	a	a	a	a	a	a
a. Less than \$500,000.						

Direct Spending and Revenues

Medicaid and TANF. H.R. 3244 would require the Secretary of HHS to expand existing services to provide assistance to victims of trafficking, regardless of their immigration status. Under current law, aliens who are in the United States illegally or admitted under a nonimmigrant class are ineligible for most federal public benefits. HHS administers several mandatory benefit programs for which victims of trafficking could be newly eligible. Those programs include Medicaid and TANF.

Based on information from the State Department, CBO assumes that about 50,000 women and children are trafficked into the United States every year. Although data on the number of trafficking victims who are able to leave their situations are unavailable, discussions with State Department officials led CBO to assume that only about 2,000 victims would be freed each year and could potentially receive benefits. Of these 2,000 individuals, we anticipate that one-third would be nonelderly adult women and another third would be children, for a total of about 1,300 women and children who could be eligible for Medicaid or TANF each year. In addition, we adjusted the total number of children eligible for benefits to account for births to adult women, based on an estimated 9 percent annual fertility rate among noncitizen women of child-bearing age.

CBO expects that 80 percent of the eligible individuals would participate in Medicaid and 45 percent would participate in TANF. These participation rates are based on the utilization rates of these programs by the most disadvantaged refugees in the United States. CBO estimates that 460 children and 110 women would receive Medicaid benefits in fiscal year 2001, at a federal cost of \$1 million. With the cumulative effects of additional applicants and births each year, participation would grow to about 2,500 children and 900 women in 2005, for a total cost of \$11 million over the 2000-2005 period. Because of the lower participation rate in TANF, the number of women and children receiving TANF benefits would be roughly half the number participating in Medicaid, resulting in insignificant costs in 2001 and a total cost of \$8 million over the period.

In addition, children born to women in the United States would be citizens and could be eligible for other federal means-tested benefits, such as Food Stamps or Supplemental Security Income. CBO estimates that additional costs for those programs would be insignificant during the next five years.

Other Provisions. The bill contains other provisions that, in total, would affect direct spending and revenues by less than \$500,000 a year.

Immigration Status for Certain Victims. Section 7(f) would establish a new nonimmigrant category for certain victims of trafficking and would permit certain victims to attain permanent U.S. residence. Costs to the Immigration and Naturalization Service for adjudicating such cases would be funded from fees collected by the agency. CBO estimates that any such costs would not be significant because of the small number of trafficking victims likely to be involved.

Penalties for Trafficking. Section 11 would allow the President to impose penalties on foreign traffickers of persons under the International Emergency Economic Powers Act. CBO estimates that this provision would result in a negligible increase in revenues.

Criminal Fines and Seizure of Assets. Section 12 would allow the federal government to pursue new cases related to trafficking. Because those prosecuted and convicted under H.R. 3244 could be subject to criminal fines, the federal government might collect additional fines if the bill is enacted. Collections of such fines are recorded in the budget as governmental receipts (revenues), which are deposited in the Crime Victims Fund and spent in subsequent years. CBO expects that any additional receipts and direct spending would not be significant.

Persons prosecuted and convicted under the bill also could be subject to the seizure of certain assets by the federal government. Proceeds from the sale of such assets would be deposited into the Assets Forfeiture Fund and spent from that fund, mostly in the same year. Thus, enacting H.R. 3244 could increase both revenues deposited into the fund and direct spending from the fund. However, CBO estimates that any increased revenues or spending would be negligible.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in direct spending and receipts are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	0	1	2	4	5	7	11	12	15	19	23
Changes in receipts	0	0	0	0	0	0	0	0	0	0	0

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The bill would require courts to order forfeitures of property against people who are convicted of trafficking persons, irrespective of state law. By preempting the application of state laws, the bill would impose a mandate on state governments, and the imposition of the mandate could result in the loss of forfeited property under state laws. However, CBO estimates any such loss to state governments would be not significant.

By directing various federal agencies to expand existing services and provide assistance to victims of severe forms of trafficking without regard to immigration status, the bill would increase spending for a number of federal and state public assistance programs, including Medicaid and TANF. The state portion of Medicaid spending for services to trafficking victims would total \$11 million over the fiscal year 2000 - 2005 period. Spending within the TANF program is estimated to total \$8 million over the same period. Generally, states would be able to use unspent federal TANF funds to cover these additional costs.

The bill would also authorize federal matching grants to state, local, and tribal governments, as well as other organizations, for programs benefitting trafficking victims. The authorizations for such grants would total \$5 million in fiscal year 2000 and \$10 million in fiscal year 2001. State, local, and tribal governments and other organizations would have to spend at least \$1 for every \$3 of federal assistance.

The bill would authorize the President to regulate or prohibit certain transactions involving foreign persons identified as participants in human trafficking. New presidential restrictions could impose costs on U.S. entities engaged in those transactions. Although CBO cannot predict the nature of such measures, information provided by government sources indicates that the new authority is not likely to impose significant costs on the private sector.

PREVIOUS CBO ESTIMATE:

On December 29, 1999, CBO prepared a cost estimate for H.R. 3244 as reported by the House Committee on International Relations. Although both versions of the bill have similar provisions and costs, CBO assumes a later enactment date for H.R. 3244 as ordered reported by the House Committee on the Judiciary.

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